

Message Text

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56

ACTION OES-06

INFO OCT-01 NEA-10 ISO-00 AID-05 COME-00 DODE-00 HEW-04

INT-05 NSF-01 SMI-01 DOTE-00 ERDA-05 AGR-05 ABF-01

CIAE-00 EB-07 EPA-01 HUD-01 INR-07 LOC-01 NASA-01

NSAE-00 OMB-01 USIA-06 TRSE-00 FS-01 /070 W

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P 111420Z MAY 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 3359

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E.O. 11652: N/A

TAGS: TPHY, OSCI, EG

SUBJECT: SFCP GUIDELINES: FY-76 PROGRAM

REF: (A) STATE 102909, (B) CAIRO 4163, (C) STATE 66667,
(D) CAIRO 6018

1. RE PARA I A, REF. A, EMB. CONCURS. UNDER THIS PROCEDURE
EMB. WILL PROVIDE DEPT. WITH ANY COMMENTS IT MIGHT HAVE WITHIN
45 DAYS AFTER TRANSMITTAL DATE OF AIRGRAM FORWARDING PROPOSAL
SUMMARY AND BUDGET. IF EMB. DOES NOT RESPOND, CONCURRENCE MAY
BE ASSUMED.

2. RE PARA I B, REF. A, SUGGESTED PROCEDURE FOR "UNSOLICITED"
PROPOSALS RAISES TWO PROBLEMS; (A) PROPOSAL AS INITIALLY SUBMITTED
BY EGYPTIAN ORIGINATOR MAY BE TOO SKIMPY, PARTICULARLY ON BUDGET
DATA TO ALLOW FOR MEANINGFUL EMB. REVIEW; (B) DOUBLE EFFORT
COULD BE INVOLVED IF "FINAL" CLEARANCES ARE REQUIRED FROM GOE
CHANNELS AND EMB. ON BASIS OF INITIAL DRAFT, WHICH MIGHT CHANGE
AS A RESULT OF FURTHER NEGOTIATIONS BETWEEN US AND EGYPTIAN
AGENCIES AND INSTITUTIONS. WE WOULD NOT BE SURPRISED IF ENTIRE
GOE REVIEW WERE AGAIN REQUIRED BEFORE RESEARCHER COULD MOVE TO
IMPLEMENTATION. THIS WOULD BE LESS OF A PROBLEM FOR EMB.,

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ALTHOUGH STILL ADDITIONAL WORK.

3. WE SUGGEST THAT PROCEDURE OF PARA 1 B REF A, BE
MODIFIED AS FOLLOWS:

(A) ON "UNSOLICITED" PROPOSALS RECEIVED BY EMB.
DIRECTLY FROM EGYPTIAN ORIGINATOR: WE WILL FORWARD TO USG
AGENCY WE THINK MAY BE INTERESTED WITH OUR INITIAL COMMENTS,
IF ANY. (SCIATT HAS NOW FORWARDED SEVERAL IN THIS CATEGORY).
USG AGENCY WOULD ADVISE OF INTEREST BY CABLE AND WE WILL
INFORM ORIGINATOR. IF THERE IS US INTEREST, EGYPTIAN
RESEARCHER COULD START PROCESSING THROUGH OWN CHANNELS.
PROJECT DEVELOPMENT WOULD CONTINUE THROUGH VISITS TO EGYPT
BY USG AGENCY REPS. OR OTHER NORMAL MEANS. WHEN PROPOSAL
IS IN FINAL FORM, AIRGRAM COULD BE SENT EMB. AS WITH PARA 1
OF THIS CABLE. SAME PROCEDURE WOULD THEN OBTAIN.

(B) ON "UNSOLICITED" PROPOSALS RECEIVED DIRECTLY BY USG
AGENCIES, WE SUGGEST USG AGENCY CABLE INITIAL VIEWS
TO US, AND POUCH COPY OF PROPOSAL AS RECEIVED. WE WOULD
INFORM EGYPTIAN RESEARCHER. REMAINING PROCEDURE AS IN PARA
3 A ABOVE.

4. PROCEDURES SUGGESTED PARA 3 SHOULD BE SUFFICIENT TO
ALLOW PROJECT DEVELOPMENT TO BEGIN ON UNSOLICITED PROPOSALS,
WHILE PROVIDING FOR FINAL EMB. COMMENTS TO BE GIVEN IN SAME
WAY AS FOR "REGULARLY" DEVELOPED PROPOSALS.

5. RE PROPOSED SFCP FY 76 PROGRAM (PARA 2, REF. A), WE
ARE QUITE CONCERNED THAT ANTICIPATED OBLIGATIONS LEVEL THROUGH
9/30/76 (TOTALLING \$19,804.168) EXCEEDS AMBASSADORS CELING
LEVEL OF \$5,000,000 BY ALMOST A FACTOR OF FOUR. (HEW/PHS
FIGURE ALONE IS OVER \$6 MILLION). THIS FIGURE IS ENTIRELY
TOO LARGE, PARTICULARLY AT A TIME WHEN EMB. IS TRYING TO
WORK WITH MFA, USG AND EGYPTIAN AGENCIES TO IMPLEMENT
PROCEDURES WHICH WILL ALLOW SMOOTH OPERATION OF A PROGRAM
SERVING MUTUAL INTERESTS AND MEETING EGYPTIAN CONCERNS. IN OUR
VIEW, IT IS SHORT SIGHTED TO SEEK TO ESCALATE PROGRAM, AS
SUGGESTED, UNTIL MFA'S PERSPECTIVE IS CLEARER AND ITS RELATIONS
WITH OTHER GOE AGENCIES BETTER DEFINED (SEE REF. D REPORTING
SCIATT'S LATEST MFA TALK). WE ARE PARTICULARLY CONCERNED THAT
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ALMOST \$20 MILLION DOLLAR SFCP PROGRAM AT THIS TIME WILL SIMPLY
REINFORCE MFA CONTINUING VIEW THAT THESE ARE SIMILAR TO, IF
NOT THE SAME AS, "DONOR" PROGRAMS AND OUGHT TO BE SPECIFICALLY
RELATED TO FIVE YEAR PLAN AND ALSO THAT THE POTENTIAL FOR
INFLATIONARY IMPACT WILL REQUIRE EVEN CLOSER MFA SUPERVISION.

6. WE THINK ALMOST \$20 MILLION FOR FY 76 HAS TO BE
REDUCED, UNLESS WE WISH TO CREATE NEW PROBLEMS FOR OVERALL

PROGRAMMING. TO STATE THAT OBLIGATIONS ARE MULTI-YEAR WILL NOT, BY ITSELF, SUFFICE. WE SUGGEST AS A START THAT PRECISE AMOUNT ALREADY OBLIGATED FOR FY-76 SHOULD BE DETERMINED AND EMB. BE ADVISED. DETERMINATION SHOULD ALSO BE MADE AS TO WHAT ACTIVITIES CAN BE HELD OVER TO NEXT FY BEFORE FINAL OBLIGATION, AND ALSO WHAT ACTUAL ANNUAL EXPENDITURE LEVEL IS LIKELY TO BE. DEPENDING ON THAT AMOUNT, WE SHOULD THEN WORK OUT A SCHEDULE TO KEEP THE OBLIGATION PROFILE AS CLOSE AS POSSIBLE TO \$5 MILLION DURING FY-76. IT MAY BE NECESSARY TO SIMPLY SUSPEND SOME NEGOTIATIONS UNTIL AFTER SEPTEMBER 30, 1976.
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